

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-25 ISO-00 SS-20 L-03 SCI-06 AID-20 CEA-02

CIAE-00 EB-11 EA-11 FRB-02 INR-10 IO-14 NEA-11

NSAE-00 RSC-01 OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06

SIL-01 OMB-01 CEQ-02 EPA-04 FEA-02 /170 R

66617

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EB/IFD/OMA:MMINNES

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R 282149Z JAN 74

FM SECSTATE WASHDC

TO USMISSION OECD PARIS

AMEMBASSY LONDON

UNCLAS STATE 018137

EO 11652: NA

TAGS: OTRD, OECD

SUBJ: OECD INSURANCE COMMITTEE

REF: A. OECD 32509 1973 B. DAF/AS/73.23

1. US WISHES TO PARTICIPATE IN NEW WORKING GROUP ON OIL
POLLUTION LIABILITY (REF. A, PARAS 1,6).

2. WE UNDERSTAND THAT CHAIRMAN OF WORKING GROUP PROPOSES
TO HOLD FIRST MEETING EARLY IN FEB. WE BELIEVE THIS PREMATURE
AND SUGGEST DEFERRAL UNTIL MID-MARCH OR LATER. OUR REASONS
ARE 1. ADDITIONAL TIME IS NEEDED FOR SECRETARIAT TO PREPARE
AND CIRCULATE DOCUMENTATION ON THIS SUBJECT,
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WHICH OF CONSIDERABLE TECHNICAL COMPLEXITY; 2. US AND PRE-

SUMABLY OTHER GOVERNMENTS WILL REQUIRE TIME TO CONSIDER THEIR POSITIONS; AND 3. THERE IS SOME QUESTION AS TO URGENCY OF MATTER SINCE POLLUTION CONVENTION IS SOME DISTANCE FROM ENTRY INTO FORCE.

3. WE FURTHER UNDERSTAND THE IMCO LEGAL COMMITTEE IS WORKING ON PROSPECTIVE IMPLEMENTATION OF INSURANCE PROVISIONS OF POLLUTION CONVENTION. THIS RAISES SOME POSSIBILITY OF DUPLICATION OF EFFORT. DESPITE RISK OF DUPLICATION, WE BELIEVE SPECIALIZED INSURANCE MATTER INVOLVING OFFICIAL DETERMINATION AND CERTIFICATION OF SOLVENCY (REF.B) PREFERABLY SHOULD BE CONSIDERED IN OECD. IT INVOLVES TECHNIQUES OF INSURANCE SUPERVISION, WHEREAS WE UNDERSTAND IMCO IS MAINLY CONCERNED WITH CAPACITY OF INSURANCE MARKET TO MEET REQUIREMENTS OF CONVENTION. LATTER IS MORE MATTER OF CONCERN TO INSURANCE UNDERWRITERS THAN TO INSURANCE SUPERVISORY AUTHORITIES. OECD INSURANCE WORK EMPHASIZES SUPERVISORY PROBLEMS AND TECHNIQUES, AND INSURANCE COMMITTEE MEMBERSHIP CONSIST LARGELY OF INSURANCE SUPERVISORY OFFICIALS. IT IS WELL-EQUIPPED TO DEAL WITH PROBLEM, AND WE DO NOT FORESEE ANY MATERIAL DUPLICATION OR CONFLICT OF INTEREST BETWEEN TWO ORGANIZATIONS, BUT US SHOULD EMPHASIZE IN OECD DESIRABILITY OF APPROPRIATE COORDINATION BETWEEN ITS WORKING GROUP AND IMCO LEGAL COMMITTEE.

4. WE AGREE WITH MISSION AND INDUSTRY ADVISER (REF.A, PARA 10) THAT UNITED STATES SHOULD ACQUIESCE IN REDUCTION OF ACTIVITIES OF INSURANCE COMMITTEE UNTIL ECONOMIC COMMUNITIES CLARIFY POSITION REGARDING MAJOR ITEMS BEFORE COMMITTEE. IN VIEW OF FOCAL NATURE OF DRAFT OECD COUNCIL DECISION ON MINIMUM LEVEL OF SOLVENCY FOR NON-LIFE COMPANIES, IT IS EVIDENT THAT COMMITTEE CAN DO LITTLE OF CONSTRUCTIVE NATURE UNTIL EC COUNTRIES ARE ABLE TO ACT.

5. US INSURANCE COMPANIES DOING BUSINESS ABROAD, MOREOVER, ARE RELATIVELY SATISFIED WITH STATUS QUO AND HAVE LITTLE DIRECT STAKE IN EARLY COMPLETION OF REGULATORY SCHEME COMMITTEE IS SEEKING TO DEVELOP. ALSO, THERE ARE OTHER IMPORTANT MATTERS DEMANDING OECD ATTENTION, AND IT WOULD APPEAR UNDERSIRABLE TO TIE UP OECD RESOURCES UNDULY IN INSURANCE COMMITTEE

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WHILE WAITING UPON EC ACTION.

6. FOR LONDON: EMBASSY IS REQUESTED TO DISCUSS WITH APPROPRIATE DTI OFFICIALS CONSIDERATIONS THAT INDUCED UK TO MAKE ITS PROPOSALS ON OIL POLLUTION LIABILITY IN OECD, AND ESPECIALLY TO DETERMINE IF THEIR THINKING ACCORDS WITH OURS, AS SET FORTH PARA 3 ABOVE. ALSO, INFORMATION ON ANY IMCO REACTIONS WOULD BE WELCOME. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, PETROLEUM, POLLUTION, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE018137
Document Source: CORE
Document Unique ID: 00
Drafter: OTP/BIC:CHSULLIVAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740111/aaaaajsj.tel
Line Count: 115
Locator: TEXT ON-LINE
Office: ORIGIN COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: A. OECD 32509 1973 B. DAF/AS/73.23
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 26 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 FEB 2002 by chappeld>; APPROVED <26 NOV 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OECD INSURANCE COMMITTEE
TAGS: OTRA, EFIN, OECD
To: OECD PARIS LONDON
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005